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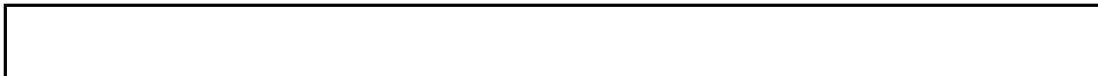
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THAILAND-CAMBODIA

The new government in Bangkok has expressed its reservations about the continuing US airlift of ammunition to Cambodia from Thailand.

In his first press conference as prime minister, Khukrit said that his government intends to initiate negotiations "soon" with the US on the airlift and the presence of US forces in Thailand. In an earlier statement, Defense Minister Praman declared that the transit of weapons to Cambodia must "in principle" be prohibited. Khukrit indicated he was in agreement with his defense minister's position, but he added that the shipment of food and medicines should continue.

The new government has not yet indicated how hard it is prepared to press the US over the issue of the flights. Thai officials are clearly concerned by the deteriorating military situation in Cambodia and may have concluded that it is only a matter of time before Phnom Penh collapses. If so, Khukrit's statements may be Bangkok's first step to remove Thailand from a position of supporting the Lon Nol government militarily.

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Khukrit probably took the line he did regarding US forces and the airlift in order to preempt possible charges by domestic critics that his conservative government is following the policies of the now-discredited Thanom military regime. He may also want to signal Thailand's communist neighbors that Bangkok is moving away from its previous close association with US policy in Indochina.

The government has not yet approached the US embassy to discuss the airlift, and the statements by Khukrit and Praman suggest some room for flexibility in the

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Thai position. It is possible that, having made their point for domestic consumption, Thai officials will be inclined to look the other way at a continuation of the airlift.

Khukrit may also anticipate that the Lon Nol government may collapse while negotiations are pending, permitting him to be on record as opposing military support to Lon Nol without having to force the US hand.

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EC-CHINA

The projected visit of Christopher Soames, the EC commissioner for external affairs, to Peking in May will mark another step toward establishing formal relations between the EC and China. Soames is making the trip at the invitation of China's Institute for Foreign Relations.

Soames' visit is a further sign that Peking and the West Europeans want to strengthen relations. This was exemplified earlier this year when Dutch Foreign Minister Van der Stoep and West German political leader Strauss visited China. Other West European leaders are expected to visit in the spring, and Chinese Vice Premier Teng Hsiao-ping may go to Paris in May.

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SPAIN

Prime Minister Arias has expressed deep concern over the impact events in Portugal may have in Spain.

In a meeting with the US ambassador, Arias described the new political atmosphere in Portugal as a serious threat to Spain. He expressed concern not only over the leftward drift in Portugal, but also over the possibility of foreign support to Lisbon--an obvious reference to the Soviets. Arias added that precautions are being taken to prevent possible disturbances in Portugal from spilling over the Spanish border.

The Portuguese situation is likely to slow Arias' modest program to democratize Spain. The Prime Minister told the ambassador that, while Spain must open its political process to greater popular participation, he had no intention of risking chaos by moving too fast.

Independent Spanish commentators and moderate politicians, meanwhile, are saying that Portugal's leftward drift can no longer be stopped. They maintain that this should be a lesson to Spain to organize democratic forces before it is too late. Spanish moderates fear that the events in Portugal will increase the determination of the Spanish far right to oppose all change as dangerous and push for harsher measures against dissenters. This would prevent the political liberalization that moderates believe is necessary if Spain is to avoid instability once Franco departs the scene.

Events in Portugal are also influencing Madrid's foreign policy outlook. In discussing the ongoing negotiations with the US over renewal of US base rights in Spain, commentators have underscored the growing importance of the Spanish contribution to Western defense and the need for a quid pro quo either in the form of a direct relationship with NATO or strengthened bilateral ties with the US. These events could also lead knowledgeable Spaniards to accept the view that Spain needs US support now more than ever as a bulwark of international security and domestic order.

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ITALY

Rome's ability to fulfill its military commitments to NATO is being steadily undermined because of Italy's financial difficulties. Army personnel strength in 1974 fell from 311,000 to 260,000. In order to save money, even fewer recruits are now being inducted, and on several occasions the induction of conscript classes has been delayed. The US attaché in Rome reports that a reduction of another 25,000 personnel can be expected this year.

Under legislation expected to pass soon, the required period of service for army conscripts will be reduced from 15 months to 12. There are indications that the Italians began the changeover to the 12-month service period some time ago.

The present army force structure is incompatible with the decreasing personnel strength levels. Plans for restructuring the army and for cutting nonessential expenditures are being considered, but these plans could take several years to implement.

Italy is spending about 60 percent of this year's military budget on personnel and about 16 percent on major equipment, ammunition, and missiles. This imbalance between operating costs and capital expenditures is likely to continue over the next several years and force Italy to stretch out needed programs for equipment modernization.

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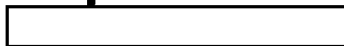
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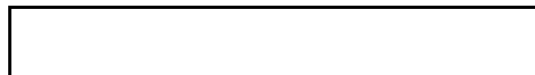
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